

Owner  
Chief People OfficerApproval Date  
2024-01-25No.  
T 1433-10 UenVersion  
8Security  
PublicApproved by  
Board of DirectorsRelated  
50087276

## Group Policy - Remuneration

This Group Policy relates to Remuneration and is a binding document for Telia Company AB and its subsidiaries ("Telia Company").

Terms starting with a capital letter in this Group Policy are defined in the Delegation of Obligations and Authority.

These principles apply to the extent that they do not place Telia Company in violation of domestic laws and regulations.

This policy is the basis for further instructions and guidelines intended to clarify Telia Company's approach on designing and implementing remuneration practices for employees at all levels.

## PRINCIPLES

All remuneration practices at Telia Company must adopt the following principles during the design and implementation phases.

The following principles shall apply for the activities under this Group Policy:

### Competitiveness and positioning

Total Remuneration structures may vary by country. The position of total remuneration should be market competitive without being leading relative to competitors in each local market. The market position should also factor in the affordability for the business. The relevant market is a group of identified competitors in a specified geography or the general industry of the geography as defined from time to time.

### Job Levelling

Together with other factors, Telia Company's remuneration structure should take the complexity, size, scope of responsibility and business contribution of the positions into consideration when identifying remuneration levels.

### Compliance

All remuneration structures at Telia Company should comply with statutory requirements, collective bargaining agreements and internal policies and instructions.

### Cost Effectiveness and Administrative Efficiency

Remuneration programs should be delivered to employees in an effective manner, both in terms of cost effectiveness and administrative efficiency.



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### **Performance orientation**

When deciding remuneration levels for individuals, both corporate, team and individual performance should be considered. Performance is assessed in terms of total contribution once per year. Both “What” and “How” should be assessed with clear links to outcomes of remuneration, development and promotions.

### **Equal opportunity**

Remuneration decisions should only be made based on the guidelines outlined in policies and instructions. Discrimination related to factors like race, gender, age, religious or ethnic affiliation are under no circumstances allowed. The remuneration policy is always underpinned by a common philosophy of treating all employees equal, with fairness and transparency.

### **Total Remuneration Approach**

Telia Company offers different remuneration components to its employees differentiated based on types of businesses, functions, roles and markets.

When making remuneration comparisons with market levels and when communicating the value of remuneration to stakeholders, the emphasis should be placed on the value of the total remuneration, not on the individual remuneration components, and on ensuring the sustainability of the company.

The remuneration may consist of one or more of the following components:

#### **Fixed Base Pay**

All employees at Telia Company should have a fixed base pay (monthly or hourly). The fixed base pay part of the total remuneration should reflect:

- Career Level - complexity, size, scope of responsibility
- type of role
- local external market conditions
- internal equity

The fixed base pay should also reflect the performance and skills of the employee and consequently be individual and differentiated within acceptable pay ranges.

Should the content of the position be changed or altered or should the employee change position, the fixed base pay should be revised to the new position.<sup>1</sup>

#### **Short Term incentives**

Telia Company may offer Short Term Incentives to some of its employees.

If the employee is offered a Short Term Incentive program as part of the total remuneration, the program may contain both financial and non-financial performance objectives and manager’s assessment of the employee’s performance. No payment can be granted without a link to the achievement of performance

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<sup>1</sup> Such adaptation to the new position could result in no change, increased or decreased fixed base pay.



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objectives. The managers' assessment of employee performance should be calibrated before payment can be granted.

The prevalence of a Short Term Incentive program is:

- dependent on market requirements, affordability for the company and the total balance of the employee remuneration package and
- dependent on an annual decision of the Telia Company Board of Directors on the overall program framework.

A Short Term Incentive program should always be capped to a maximum of the annual fixed base pay (allowing for different levels for different positions).

### **Functional incentives**

In positions related to direct sales to customers, employees may have a sales incentive component tied to sales performance. The sales incentive plans must follow Telia Company's sales incentive framework but may vary depending on country and position.

Specific incentive plans for other functions cannot be introduced if the need is not strongly justified based on market and business requirements.

A functional incentive plan shall always be capped to a maximum on either a percentage of base salary or to a fixed amount (allowing for different levels for different positions).

### **Long Term Incentives**

Telia Company may introduce Long Term Incentive plans for some of its employees to align key employees' interests with those of the shareholders, drive long term company performance, encourage key employee shareholding and to strengthen the ability to recruit and retain talented key employees.

All share-based Long Term Incentive plans are subject to shareholder approval.

### **Pensions**

When a Telia Company offers a pension plan it should be a Defined Contribution plan unless legal requirements and/or collective agreements state differently. Level should reflect local market requirements or practice in each country. Each country should strive for one plan per country. Retirement age should normally mirror social security in each country. Pensionable salary should be fixed base pay only unless legal requirements and/or collective agreements state otherwise.

### **Insurances and Benefits**

All other insurances and benefits provided to employees as part of the total remuneration package are subject to local guidelines and may vary between different countries but must comply with Group Instructions.



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## SUPERVISION AND GOVERNANCE

The remuneration practices at Telia Company and the associated changes are supervised and governed according to the following principles:

- The remuneration structure and levels for Telia Company's Group Executive Management are supervised and governed by the Remuneration Committee.
- The remuneration structures and levels for a group of Senior Managers identified by the CEO are designed, implemented, supervised and governed by Group People & Culture.
- The remuneration structure and levels for all other employees are designed and implemented by Business Units according to the guidelines, policies and instructions set by Group People & Culture.
- All decisions concerning an individual's remuneration should be reviewed and confirmed by the manager's manager.
- Minor deviations from the remuneration principles in this policy will be reviewed and can be decided by Group People & Culture.
- No employee should be put in a position to enable them to award, alter or improve remuneration and benefits for themselves or for a superior.
- This policy is approved by the Board of Directors and is subject to annual review.

These principles apply to the extent that they do not place Telia Company in violation of domestic laws and regulations.

## PURPOSE

Telia Company's objective is to maximize the effectiveness of remuneration programs to attract, retain and motivate people with the right competence to support our business needs and support the change journey of becoming a new generation telecom company. This remuneration policy and the associated remuneration practices aim to support the strategic direction and objectives of Telia Company.

## ROLES AND RESPONSIBILITIES

This Group Policy applies to Telia Company AB and its Subsidiaries<sup>2</sup> and Joint Operations<sup>3</sup> as their own binding policy to all directors, members of the boards, officers and employees. In addition, Telia Company works towards promoting and adopting this Policy's principles and objectives in other associated companies where Telia Company does not have control but has significant influence.

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<sup>2</sup> All entities over which Telia Company AB has majority control.

<sup>3</sup> The joint operations over which Telia Company AB has joint control and management responsibility.



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Each Group Executive reporting to the CEO of Telia Company is responsible for ensuring that this Group Policy is duly communicated and implemented, and that the employees within their area of responsibility are familiar with and follow this Group Policy.

Each country CEO is responsible for ensuring that all relevant entities within the CEO's geographic location has adopted and implemented this Group Policy.

## **BREACHES AGAINST THE POLICY**

Any Telia Company employee who suspects violations of the Code of Conduct or this Group Policy must speak up and raise the issue primarily to their line manager, managers manager, People Partner or Ethics & Compliance Officer or through the Speak-Up Line. The Speak-Up Line is available on Telia Company's internal and external webpages. [www.speakupline.ethicspoint.com](http://www.speakupline.ethicspoint.com)

Telia Company expressly forbids any form of retaliation for people who speak up. For specific requirements, please see our Group Instruction – Speak Up and Non-Retaliation.

Violations against this Group Policy can lead to disciplinary action, up to and including termination.

## **TARGET GROUP**

This Group Policy is applicable and most relevant for the following target group:  
Telia Company AB, including Group Functions and countries, and its Subsidiaries and Joint Operations as their own binding instruction to all directors, members of the boards, officers, and employees.

## **EXEMPTIONS**

If a deviation or exemption from this Group Policy is deemed necessary, the Country CEO or Head of Group function shall escalate the matter to the Group General Counsel and the document owner jointly. The exemption shall be documented, and a prior written approval must be given.

A Subsidiary-specific corresponding policy shall be compliant with this Group Policy while adapting to the concerned business activities, local laws, local circumstances and language.

## **GROUP GOVERNANCE FRAMEWORK**

This Group Policy is part of the Group Governance Framework, which includes without limitation:

- a) Code of Conduct, Purpose and Values, Strategy, Group Policies, and Instructions for the CEO as approved by the Board of Directors;
- b) Decisions made by the CEO, the Delegation of Obligations and Authority as approved by the CEO, Group Instructions as approved by the CEO or by the responsible Head of Group Function; and
- c) Guidelines, best practices, process descriptions, templates or working routines developed within the area of responsibility of Head of Group Function.

